

## Message Text

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PAGE 01 EC BRU 01900 281932Z

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 ITC-01 AID-05 CEA-01

CIAE-00 COME-00 EB-08 FRB-01 INR-07 NSAE-00 SP-02

STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 /061 W

-----010636 077382 /12

R 281722Z FEB 77

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 3127

INFO ALL EC CAPITALS

USDEL MTN GENEVA

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 01900

PASS AGRICULTURE ELECTRONICALLY

E.O. 11652:N/A

TAGS:EAGR,EEC

SUBJECT: EC SUSPENSION OF ADVANCE FIXING OF BUTTER EXPORT SUBSIDIES

REF: EC BRUSSELS 1227

1. IN THE WAKE OF WIDESPREAD PRESS SPECULATION THAT LARGE EC BUTTER EXPORTS TO THE USSR (POSSIBLY 50,000 TO 75,000 TONS) WERE BEING CONTRACTED, THE COMMISSION TEMPORARILY SUSPENDED ADVANCE FIXING OF BUTTER EXPORT SUBSIDIES. THE SUSPENSION, WHICH WENT INTO EFFECT FEBRUARY 26, IS TO LAST 3 WORKING DAYS (FEBRUARY 28- MARCH 2). AT THE END OF THAT TIME THE COMMISSION MAY EITHER CONTINUE THE SUSPENSION OR REINSTITUTE ADVANCE FIXING. THEY WILL REPORTEDLY CONSIDER CHANGING THE LEVEL OF THE SUBSIDY AS WELL.

2. THE PRESS RELEASE ISSUED BY THE COMMISSION NOTES THAT THE EXPORT SUBSIDIES FOR BUTTER HAD BEEN SET IN ACCORDANCE WITH THE NORMAL FUNCTIONING OF THE CAP AND ARE NECESSARY

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PAGE 02 EC BRU 01900 281932Z

TO PERMIT SALES OF COMMUNITY BUTTER AT WORLD PRICES. THEY FURTHER NOTE THAT THERE IS NO QUESTION OF A SPECIAL ARRANGEMENT AT SPECIALLY REDUCED PRICES IN FAVOR OF THE USSR AS WAS THE CASE IN 1973. NEVERTHELESS, THEY HAVE DECIDED TO SUSPEND ADVANCE FIXING IN ORDER TO REEXAMINE THE MARKET SITUATION FOR BUTTER INCLUDING THE POSSIBILITY OF PUTTING BUTTER AT THE DISPOSAL OF EC CONSUMERS AT REDUCED PRICES.

3.COMMISSION OFFICIALS STATE THAT THEY DO NOT YET KNOW THE AMOUNT OF BUTTER WHICH MAY BE EXPORTED TO THE USSR UNDER LICENSES ALREADY ISSUED.PRESS STORIES SAY THAT LICENSES COVERING 5,000 TO 10,000 TONS WERE ISSUED PRIOR TO THE SUSPENSION OF ADVANCE FIXING.

4. EC EXPORT SUBSIDIES WERE RECENTLY INCREASED BY ABOUT 10 PERCENT (REFTEL). THE SUBSIDY FOR BUTTER WITH A FAT CONTENT OF 82 PERCENT OR MORE IS 159.75 U.A./100 KG.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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Margaret P. Grafeld  
Declassified/Released  
US Department of State  
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22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009